

## Function 300: Natural Resources and Environment

Function 300 includes programs concerned with environmental protection and enhancement; recreation and wildlife areas; and the development and management of the nation's land, water, and mineral resources. It includes programs within the following federal departments and agencies: Agriculture, Commerce, Interior, Transportation, the Army Corps of Engineers, and the Environmental Protection Agency. This function does not include the large-scale environmental clean-up programs at the Departments of Defense and Energy. See *Function 050 (Defense)* for information on those programs.

### Sixth Straight Year of Cuts to Environmental Programs

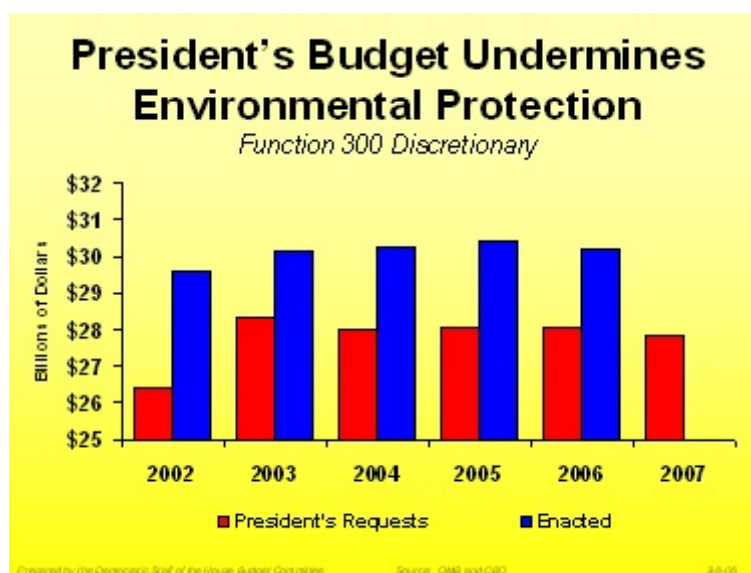
In the area of natural resources and environment, the President's 2007 budget repeats the pattern of each of the last five years. The Administration continues to tout its commitment to environmental preservation and conservation, but reality does not match the rhetoric. The President's budget rejects vital investments in clean air, safe drinking water, and conservation measures that affect American families every day.

For 2007, the President's budget once again significantly cuts funding for programs that protect public health and the environment. The budget provides \$27.9 billion in discretionary funding for these programs, which is \$2.4 billion (7.8 percent) below the 2006 enacted level, excluding supplemental funding, and is \$3.4 billion (10.7 percent) below the level needed to maintain current services. Over the 2007-2011 period, the budget is \$28.1 billion (16.9 percent) below the level needed to maintain current services. These drastic cuts undermine the public's demand to meet certain environmental priorities, and they jeopardize our nation's most treasured resources.

### Budget Details

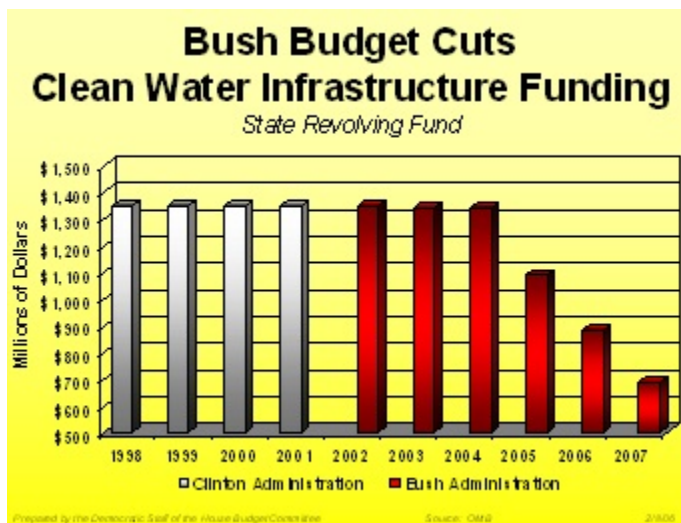
#### *Environmental Protection Agency (EPA) Funding Cut Again*

— For 2007, the President's budget once again cuts EPA funding, providing \$7.3 billion in appropriations, a 4.0 percent (\$304 million) decrease from the 2006 enacted level. As in previous years, the majority of this decrease is



attributed to considerably reduced funding for water infrastructure programs that ensure the provision of clean water and protect public health.

- ***Clean Water and Drinking Water Needs Ignored*** — The President claims that the 2007 funding levels continue his commitment to the Clean Water and Drinking Water State Revolving Funds (SRFs). However, analyses by EPA, CBO, and other organizations have found that the nation's water systems need significant investments in infrastructure to ensure the provision of safe drinking water and to better protect public health.



While its rhetoric claims to continue the Clinton Administration's water infrastructure commitment, the President's budget results in a significant cut in funding overall. The Clean Water SRF is provided only \$688 million for 2007, a cut of \$199 million, or 22.4 percent, from the 2006 enacted level. More significantly, this represents a \$403 million (36.9 percent) decrease in funding over the last two years and a \$654 million decrease (48.7 percent) since 2004. The Drinking Water SRF is provided \$842 million, a mere \$5 million (0.6 percent) increase from the 2006 level.

These low funding levels dramatically diminish the nation's ability to meet current needs, as well as reduce pollution, establish a sound wastewater treatment infrastructure, provide safe drinking water for millions of Americans, and protect against potentially deadly water contamination. Studies have consistently shown that the quality of water is one of the leading concerns among the vast majority of Americans.

- ***"Polluter Pays" Principle Still Abandoned*** — The President's 2007 budget continues to abandon the "polluter pays" principle regarding clean-up of the nation's most toxic sites. All of the funding this year is again supplied from general revenues. The Superfund Trust Fund historically supplied most of the funds appropriated for the Superfund program. However, the taxes that fed into the trust fund expired in 1995, and the Trust Fund's balance is depleted.<sup>2</sup>

<sup>2</sup>The taxes that expired in 1995 consisted of excise taxes on petroleum and chemical feedstocks and a corporate environmental income tax.

The budget provides the Superfund program with \$1.3 billion for 2007, an increase of only \$28 million from the 2006 enacted level. The Administration recognizes that, “one of the Superfund program’s primary goals is to have responsible parties pay for and conduct cleanups at abandoned or uncontrolled hazardous waste sites.” However, the President does not reinstate the Superfund taxes in his 2007 budget, forcing taxpayers to foot the entire bill for corporate polluters. Meanwhile, 461 of the 1,349 non-federal Superfund sites await clean-up and nearly 70 million Americans – including 10 million children – live within four miles of a Superfund site.

- ***Groundwater Contamination Goes Unaddressed*** — Leaking Underground Storage Tank (LUST) funding is \$73 million for 2007, an increase of approximately \$806,000 from the 2006 enacted level. However, there are currently over 119,000 underground storage tanks that are leaking petroleum and methyl tertiary-butyl ether (MTBE) and contaminating groundwater and drinking water supplies. This level of funding is insufficient to meet current needs, especially considering that 50 percent of the nation relies on groundwater for its drinking water, and the LUST Trust Fund is estimated to have a balance of over \$2.8 billion at the end of 2007.
- ***Environmental Justice Funding Slashed*** — Funding for environmental justice programs, which protect the health and welfare of low-income and minority communities from environmental toxins related to industrial pollution, is also significantly cut. For 2007, the President’s budget cuts environmental justice funding by nearly \$2 million, or 27.8 percent, below the 2006 enacted level.

***Continued Push for Drilling in the Arctic National Wildlife Refuge*** — In spite of the highly controversial nature of this proposal, for the sixth consecutive year the President’s budget assumes opening the Arctic Refuge to oil and gas exploration. Although the revenues are assumed in the budget, the Administration cannot implement the proposal without Congressional approval (attempts to open the Arctic Refuge failed last session). Over the 2007-2011 period, the President’s budget includes \$4.0 billion from lease bonuses for the federal treasury and \$4.0 billion collected and distributed to the State of Alaska.

***Cuts Funding for Army Corps of Engineers*** — Despite significant emergency supplemental funding for the Army Corps of Engineers in the wake of Hurricane Katrina, in yet another repeat from the previous five years the

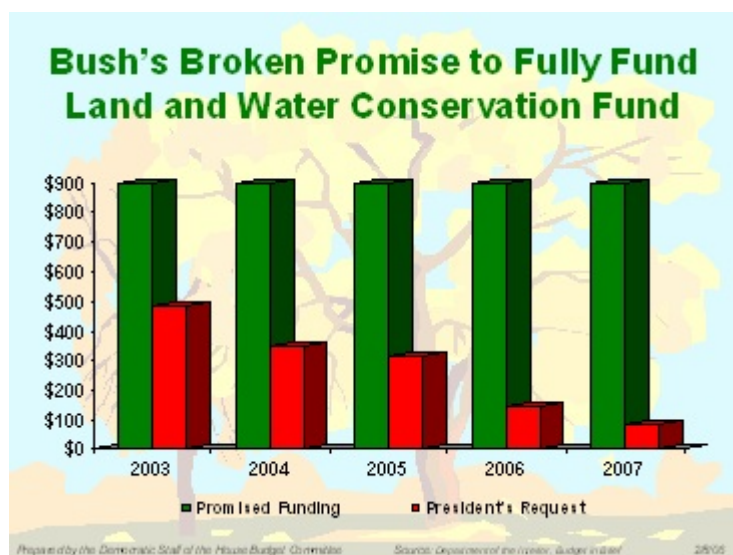


President's budget significantly cuts appropriations for the Corps. For 2007, the Corps budget is restricted to \$4.7 billion, \$596 million (11.2 percent) below the 2006 enacted level excluding supplemental funding. In an effort to reduce the agency's backlog of work on ongoing projects, the budget directs funding toward those ongoing projects that "have a very high net economic and environmental return." As such, the Administration anticipates that 16 projects will be completed and significant progress will be made on eight high-priority, high-return projects. In addition, 532 projects that were funded by Congress in 2006 are now scheduled for suspension or cancellation.

***Abandons our Farmers and Ranchers*** — The President once again cuts vital Farm Bill programs that would help farmers and ranchers protect and enhance natural resources by over \$450 million for 2007 alone. This is in addition to the \$249 million in conservation cuts for 2007 in the 2005 Republican spending reconciliation bill. The President's budget caps the Conservation Security Program (CSP) at \$342 million. The budget cuts the Environmental Quality Incentives Program (EQIP) by \$270 million (21.3 percent), the Wildlife Habitat Incentives Program (WHIP) by \$30 million (35.3 percent), the Agriculture Management Assistance program by \$14 million (70.0 percent), and Farmland Protection by \$47 million (48.5 percent). The budget also eliminates the remaining Watershed Rehabilitation Program funds (\$65 million). These cuts are just some examples.

The President does propose an increase in the Wetlands Reserve Program (WRP) in conjunction with his April 2004 announcement to "restore, protect, and enhance three million acres of wetlands over five years." However, this is the first year since passage of the Farm Bill that the President actually enrolls the authorized annual level of 250,000 acres under the WRP. Past years' limits on enrollment virtually ensure that the program cap of 2.275 million acres will not be met by the end of 2007.

***Broken Promise to Fully Fund the Land and Water Conservation Fund (LWCF)*** — The President not only once again fails to fully fund the LWCF at the authorized level of \$900 million, but also continues the trend of significant cuts seen in past budgets. For 2007, the President claims to provide \$533 million for the LWCF, yet in reality the budget provides only \$85 million for the intended LWCF purposes of preserving parks, forest, wildlife refuges, and open space. This



represents a cut of \$57 million (40.2 percent) from the 2006 enacted level. In addition, the budget once again eliminates the stateside LWCF program and only funds the federal acquisition program.

***Unmet Fire Prevention Needs*** — The President once again does not fully fund his Healthy Forests Initiative, providing only \$492 million for hazardous fuels reduction, an increase of \$2 million from the 2006 enacted level, but \$268 million below the authorized level. The President's budget provides \$244 million for State and Private Forestry, a cut of \$35 million (12.5 percent) from the 2006 enacted level. Forest Health Management is provided \$84 million, a cut of \$16 million (15.9 percent). The budget also provides \$33 million for the State and Local Fire Assistance Program and eliminates the Rural Fire Assistance program, a combined cut of \$16 million (32.6 percent).

***Endangered Species Threatened*** — The Fish and Wildlife Service endangered species recovery program is provided \$66 million, which is 10.4 percent below the 2006 enacted level. More than 200 species currently listed under the Endangered Species Act that are on the verge of extinction will be at greater risk.

***Pick-Sloan Missouri Basin Program Cost Reallocation*** — As was the case last year, the President's budget redistributes the outstanding project costs of the Pick-Sloan Missouri Basin Program to power customers who are actually using the dams and power plants. This would raise \$115 million for the federal government over five years (2007-11).

***Brownfields Cleanup Incentive*** — The President's budget again contains an environmental tax incentive intended to encourage the clean-up of brownfields. The budget permanently extends the provision in current law that allows businesses to expense certain environmental remediation costs that would otherwise count as capital investments. This would apply to expenditures incurred after December 31, 2005. This extension of current law lowers federal revenues by \$811 million over five years (2007-2011).